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BEFORE THE ARIZONA CORPORATION COMMISSION

DOCKETED

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CARL J. KUNASEK

Chairman

JIM IRVIN

Commissioner

WILLIAM A. MUNDELL

Commissioner

DOCKETED BY

CLP

IN THE MATTER OF TUCSON ELECTRIC)
POWER COMPANY'S FILING TO MODIFY ITS)
PRICING PLAN PRS-101, NON-FIRM POWER)
PURCHASE FROM RENEWABLES,)
COGENERATION, AND SMALL POWER)
PRODUCTION SERVICE)

DOCKET NO. E-01933A-00-0739

DECISION NO. 62982ORDER

Open Meeting
October 25, 2000
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Tucson Electric Power Company ("TEP") is certificated to provide electric service as a public service corporation in the State of Arizona.

2. On September 26, 2000, TEP filed an application to modify its Pricing Plan PRS-101, Non-firm Power Purchase from Renewables, Cogeneration, and Small Power Production Service ("PRS-101"). The proposed modification would add a "net metering" option to the tariff.

3. "Net metering" is a method by which customers can use electricity from customer-sited electric generators to offset electricity purchased from the utility or electric service provider. The customer pays only for the net electricity purchased.

4. PRS-101 provides the rates under which TEP buys energy from customers that are Qualifying Facilities ("QF") with capacity of 100 kW or less. QFs are designated by the Federal Energy Regulatory Commission ("FERC") and include solar, wind, waste, or geothermal facilities with a power production capacity of no more than 80 MW and qualifying cogeneration facilities. QFs are owned by persons not primarily engaged in the generation or sale of electricity. The Public Utility Regulatory Policies Act of 1978 ("PURPA") requires utilities to purchase power from QFs.

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1 5. The rates on PRS-101 are \$0.044 per kWh from May through October and \$0.035 per
2 kWh from November through April. PRS-101 provides for two system configurations, at the
3 customer's option: (a) parallel mode and (b) simultaneous buy/sell mode. Under parallel mode, the
4 customer's QF first supplies the customer's own electric requirements with any excess power being
5 sold to TEP at the above rates. When the QF does not supply all of the electricity needed by the
6 customer, the customer buys any needed electricity from TEP at the applicable standard retail rate.

7 6. Under simultaneous buy/sell mode, the customer's total QF generating output is sold
8 directly to TEP, and the customer buys all needed electricity from TEP. Currently, billing for
9 purchases and sales under the simultaneous buy/sell mode are calculated under either of two methods:
10 (i) net bill method or (ii) separate bill method. The proposed modification to the tariff would add "net
11 metering" as a third method.

12 7. Under the net bill method, kWh sold to TEP is subtracted from kWh purchased from
13 TEP. If the customer buys more kWh from TEP than it sells to TEP, the customer pays for the net
14 kWh at the applicable standard retail rate. If the customer sells more kWh than it buys, TEP buys the
15 net kWh at the above rates. Under the separate bill method, purchase and sales are treated separately
16 with the customer paying the applicable standard retail rate for all purchases and TEP paying the
17 above rates for all sales.

18 8. Under the proposed net metering method, kWh sold to TEP is subtracted from kWh
19 purchased from TEP. If the customer buys more kWh from TEP than it sells to TEP, the customer
20 pays for the net kWh at the applicable standard retail rate. If the customer sells more kWh than it
21 buys, TEP would credit the net kWh against net kWh in the next billing cycle. All kWh credits would
22 be zeroed out after the January billing cycle.

23 9. The net metering method would apply only to a customer with a solar facility that has
24 AC electrical peak capability of 5 kW or less and meets the Institute of Electrical and Electronics
25 Engineers ("IEEE") Standard 929, local, and National Electrical Code requirements. Installation must
26 be complete within six months from pre-installation approval or the QF must re-apply. In addition,
27 service for all QFs under the net metering method would be limited to a total of 500 kW.

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11. In addition, TEP proposes to make a nonsubstantive change to the name of PRS-101. The current name is "Cogeneration and Small Power Production Service Non-Firm Power Purchase from Qualifying Facilities ("QF") with 100 kW or Less Capacity." The proposed name would be "Non-Firm Power Purchase from Renewables, Cogeneration, and Small Power Production Service." The Availability section of the tariff would remain the same.

CONCLUSIONS OF LAW

21 4. The Commission, having reviewed the tariff pages (copies of which are contained in
22 the Commission tariff files) and Staff's Memorandum dated October 4, 2000, concludes that the
23 proposed modifications to the tariff are reasonable, fair and equitable, and therefore, in the public
24 interest.

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ORDER

THEREFORE, IT IS ORDERED that the modifications to the tariff filing be and hereby are approved.

IT IS FURTHER ORDERED that TEP shall file tariff pages consistent with the terms of this Decision within 15 days from the effective date of the Decision.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION
CHAIRMAN
COMMISSIONER
COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL,
Executive Secretary of the Arizona Corporation
Commission, have hereunto, set my hand and caused the
official seal of this Commission to be affixed at the Capitol,
in the City of Phoenix, this 18th day of November,
2000.


BRIAN C. McNEIL
Executive Secretary

DISSENT: _____

DRS:BEK:eap/